



# California Fair Political Practices Commission

September 3, 1986

Patrick Lippert  
Hayden Campaign Committee  
1337 Santa Monica Mall, Suite 311  
Santa Monica, CA 90401

Re: FPPC Advice No. A-86-256

Dear Mr. Lippert:

This is to confirm our telephone conversations concerning the campaign disclosure provisions of the Political Reform Act. You asked for advice concerning the proper method of reporting proceeds from the sale of concert tickets in connection with a fundraising effort for two campaign committees.

The facts as I understand them are that the Yes on Proposition 65 Committee, a committee formed to support the toxic wastes initiative on the November 1986 statewide ballot, has made arrangements with MCA, a company which as its primary business activity organizes and produces concerts for fundraising purposes, to arrange a concert for the purpose of raising campaign funds for the Yes on Proposition 65 Committee and another campaign committee.

Tickets for the concert will be sold for three prices -- \$17.50, \$22.50 and \$100. MCA will receive the checks for ticket purchases; MCA will retain a portion of the receipts from the sale of tickets to cover the costs of the concert and as compensation for its services. An additional amount will be retained from the \$100 tickets to cover the costs of a reception which will be attended by persons who purchase the \$100 tickets. MCA will then write checks to the two committees for their respective shares of the proceeds. The Yes on Proposition 65 Committee will receive 60% of the proceeds, and the other committee will receive 40% of the proceeds.

The fair market value of attending the concert is \$17.50 or \$22.50, depending on the type of seating purchased. Therefore, I advised you that the people who purchase the tickets selling for \$17.50 and \$22.50 are receiving full and adequate consideration for their payment and are not making contributions to the committees.

The people who purchase the \$100 tickets are making contributions. Because they are not receiving full and adequate consideration for their payment, the entire amount paid by each person who purchases a \$100 ticket is a contribution.

In addition, MCA is making a contribution in the amount which exceeds the portion it retains to cover its costs and compensation from the \$17.50 and \$22.50 tickets.

Each committee must report its share of the total receipts and expenditures in connection with the fundraiser. For purposes of explaining how the two committees will report receipts and expenditures, let us assume that MCA will retain \$10.00 from each \$17.50 and \$22.50 ticket sold, and will retain \$20 from each \$100 ticket sold (\$10 to cover the costs of the concert and \$10 for the reception). Therefore, the Yes on 65 Committee, which will receive 60% of the proceeds, will report as follows:

1. The people who purchase \$100 tickets have made a contribution of \$60 per ticket (60% of the cost of each ticket). Therefore, the Committee must report the name, address, occupation and employer and amount of contribution at \$60 per ticket for each person who purchases two or more \$100 tickets on Schedule A of its campaign statement.

2. With respect to the \$17.50 and \$22.50 tickets, the Committee will report \$6.00 per ticket (60% of the \$10 per ticket retained by MCA) as a miscellaneous increase to cash on Schedule G. The amount of each ticket which is not retained by MCA (\$4.50 out of each \$17.50 ticket and \$7.50 out of each \$22.50 ticket) must be reported as a contribution from MCA on Schedule A.

3. The Committee will report \$6.00 for each \$17.50 and \$22.50 ticket (60% of the \$10 retained by MCA), and \$12 for each \$100 ticket (60% of the \$20 retained by MCA) as a payment to MCA for its costs and compensation on Schedule E. The Committee must also provide the name and address of each vendor to whom MCA made a payment of \$100 or more on behalf of the Committee. We believe it would be adequate to list all payees of \$100 or more with a note that 60% of each payment is attributable to the Committee rather than attempting to break down each payment to 60% in order to determine which ones are reportable.

The other committee, which will receive 40% of the proceeds of the fundraiser, will also use the method outlined above to determine how to report receipts and expenditures, but will calculate them using the 40% allocated to that committee.

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MCA will also incur a reporting obligation as a "major donor committee" if the amount of its contributions to the two committees, aggregated with any other contributions MCA may make to state and local candidates and committees, totals \$10,000 or more during 1986. In addition, MCA must keep records of and provide to the committees the name, address, occupation and employer of each person who purchases a \$100 ticket to the fundraiser. MCA must also provide the committees with a list of vendors to whom it made payments of \$100 or more in connection with the event.

I hope this adequately explains the campaign reporting requirements in connection with the fundraiser. Please do not hesitate to contact me at (916) 322-5662 if you have additional questions.

Sincerely,



Carla Wardlow  
Political Reform Consultant

CW:kmt